

Article X of the Illinois Vehicle Code imposes a tax on the privilege of using a motor vehicle in this State that is acquired by gift, transfer, or purchase. 625 ILCS 5/3-1001 (1996 State Bar Edition). (This is a GIL).

May 6, 1999

Dear Mr. Xxxxx:

This letter is in response to your faxed request dated March 26, 1999. The nature of your request and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your request, you have stated and made inquiry as follows:

Please call or fax definition of beneficial ownership per Section D #7
Instructions for RUT-50 Vehicle Use Tax Return

Article X of the Illinois Vehicle Code imposes a tax on the privilege of using a motor vehicle in this State that is acquired by gift, transfer, or purchase. 625 ILCS 5/3-1001 (1996 State Bar Edition). This tax is commonly referred to as the Private Vehicle Use Tax. With certain exceptions, the amount of tax assessed is based on the model year of the car unless the purchase price is \$15,000 or greater.

A tax rate of \$15 applies under the following circumstances:

1. the transferee or purchaser of the motor vehicle is the spouse, mother, father, brother, sister or child of the transferor;
2. the transfer is a gift to a beneficiary in the administration of an estate and the beneficiary is not a surviving spouse, or
3. when the motor vehicle has once been subjected to the Illinois Retailers' Occupation Tax or Use Tax and is transferred in connection with the organization, reorganization, dissolution or partial liquidation of an incorporated or unincorporated business wherein the beneficial ownership is not changed.

Generally, for purposes of the Vehicle Use Tax, when a parent corporation owns all of the shares of a separate subsidiary corporation, the parent corporation has the beneficial interest of any vehicles that are titled to the subsidiary corporation. When vehicles are transferred between the parent corporation and the subsidiary corporation as part of a reorganization by the parent corporation, such a transfer does not change the beneficial ownership of the parent corporation. However, if the parent corporation does not own all of

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the shares of a separate subsidiary corporation, it cannot be said that a transfer of vehicles between the parent and the subsidiary does not change the beneficial ownership of the vehicles. Therefore, such a transfer would not qualify for the \$15 rate.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.